

Message Text

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SUBJ: VIEWS OF TWO LEADING CORTES MEMBERS ON THE PROSPECTS FOR THE
GOVT'S REFORM PROGRAM

1. LICINIO DE LA FUENTE, A PRESTIGIOUS FORMER MIN OF LABOR AND
CURRENTLY PRES OF THE JUDICIAL COMMITTEE OF THE CORTES, HAS GIVEN
EMBOFFS THE FOLLOWING VIEWS, IN SUMMARY, ON THE GOVT'S REFORM
PROGRAMS. THE SOMEWHAT DIFFERENT VIEWS OF DAVID PEREZ PUGA, PRES OF
THE LABOR COMMITTEE OF THE CORTES, ARE REPORTED FOLLOWING THOSE OF
DE LA FUENTE.

2. ALTHOUGH DE LA FUENTE HAD VERY MUCH FAVORED AN EARLIER
REFERENDUM ON MORE GENERALLY STATED QUESTIONS THAN THOSE PRESENTLY
PLANNED, HE CONSIDERS HIS APPROACH NO LONGER A LIKELY ALTER-
NATIVE AND HE THINKS, ON THE WHOLE, THAT THE PROCESS OF POLITICAL
REFORM IS GOING WELL AND WILL GO REASONABLY WELL IN THE CORTES. HE
NOTED THAT IF ONE REFLECTED ON WHAT HAD OCCURRED IN THE LAST 5 MONTHS
,
ONE HAD TO AGREE THAT A LOT HAD BEEN ACCOMPLISHED. MOREOVER, ALTHOUGH

THERE HAD BEEN DISORDERS THEY HAS NOT BEEN AS EXTENSIVE OR SERIOUS
AS MIGHT HAVE BEEN EXPECTED. HIS GUESS WAS THAT THE GOVT'S REFORM
PROPOSALS WOULD PASS THE CORTES NOT GREATLY MODIFIED BY THE END OF
JULY.

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3. HIS PREFERENCE WOULD HAVE BEEN EITHER AN EARLY ENDORSEMENT OF THE

MONARCHY THROUGH REFERENDUM FOLLOWED BY A LATER REFERENDUM ON OTHER ISSUES, OR MORE RAPID ACTION BY THE GOVT IN PRESENTING MORE GENERAL CONSTITUTIONAL REFORM PROPOSALS FOR REFERENDUM. IN THE LATTER CONNECTION, HE NOTED THE DIFFICULTY BUILT IN FOR THE FUTURE BY

A REFERENDUM ON A DETAILED CONSTITUTIONAL REFORM LAW, SOME OF THE DETAILS OF WHICH DOUBTLESS WOULD PROVE INAPPLICABLE OVER TIME. HE ALSO EXPRESSED SOME CONCERN OVER THE PROSPECTIVE PUBLIC ORDER SITUATION IN THE OCT-TO-FEB PERIOD WHEN TRADITIONALLY LABOR CONTRACTS ARE UP FOR NEGOTIATION. FOR THIS REASON TOO, HE WOULD HAVE LIKED AN EARLIER REFERENDUM.

4. NEVERTHELESS, HE SAID THAT HE DID NOT THINK THE CORTES OPPOSITION TO THE GOVT'S REFORM PROJECTS WAS STRONG. HE SAID THAT THE REAL SOURCE OF THE OPPOSITION MEMORANDUM PURPORTEDLY SIGNED BY SOME 126 CORTES MEMBERS HAS BEEN THEIR UNHAPPINESS WITH THE GOVT'S FORMAL AGREEMENT TO THE RECENT UGT CONF IN MADRID. HE SAID MOST OF THE SIGNERS OF THIS STATEMENT WOULD ACCEPT THE GOVT'S REFORM PROPOSALS AND IN FACT WOULD HAVE APPROVED TACIT AGREEMENT TO THE HOLDING OF THE UGT CONF BUT WERE ANNOYED AT THE GOVT'S EXPRESS AGREEMENT. HE NOTED THAT THERE HAD BEEN NO AMENDMENTS OF THE WHOLE PRESENTED TO THE PENAL REFORM PROJECT OF LAW THAT WAS IN HIS COMMITTEE. HE DISCOUNTED THE IMPORTANCE OF THE DRAFT ELECTORAL LAW THAT HAD BEEN PRESENTED TO THE CORTES BY A GROUP HEADED BY OPUS DEI FIGURE LOPEZ RODO. HE SAID THAT LOPEZ RODO WAS JUST TRYING TO MAKE A NATIONAL POLITICAL IMPRESSION AND THAT THE ONLY PRACTICAL EFFECT WOULD PROBABLY BE THE REFERRAL OF HIS IDEAS TO THE GOVT FOR ITS CONSIDERATION WHILE IT WAS COMPLETING THE DRAFTING OF ITS ELECTORAL LAW.

5. WITH REGARD TO LABOR, HE SAID THAT THE MOST IMPORTANT POINT WAS THAT INCLUDED IN THE GOVT'S CONSTITUTIONAL REFORM PROJECT WHICH PROVIDED FOR FREEDOM OF LABOR ASSOCIATION AND THUS SET THE STAGE FOR LABOR PLURALISM.

6. IN A SEPARATE CONVERSATION ON THE SAME DAY, THE HEAD OF THE CORTES LABOR COMMITTEE, DAVID PEREZ PUGA, GAVE ROUGHLY THE SAME ASSESSMENT OF THE LOPEZ RODO AND MEMORANDUM-OF-THE-126 INITIATIVES. WITH REGARD TO THE LATTER, HE SAID THAT MANY OF THE SIGNERS WERE "COURTESY" SIGNERS, SOME OF WHOM WERE NOW ACTIVELY TRYING TO DISAVOW CONFIDENTIAL

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THEIR SIGNATURES. THE DRAFT LAWS ON FREEDOM OF ASSEMBLY AND POLITICAL PARTY ACTIVITY WOULD PASS. AT THE SAME TIME, HOWEVER, HE EXPRESSED PERSONAL STRONG DISAPPOINTMENT WITH THE GOVT'S DRAFT CONSTITUTIONAL PROPOSALS TO SET UP A NEW BICAMERAL PARLIAMENT. HIS PRINCIPAL OBJECTIONS WERE FAILURE TO GIVE THE LOWER HOUSE CLEAR PRIMACY

OVER THE UPPER HOUSE (INSTEAD GIVING THE RESPONSIBILITY FOR INITIATING

CONSTITUTIONAL REFORMS TO THE UPPER HOUSE), FAILURE TO ESTABLISH A MEANS OF HOLDING THE HEAD OF GOVT RESPONSIBLE EITHER TO THE ELECTORATE DIRECTLY OR TO THE CORTES, CONTINUANCE OF THE FRANCO FORTY IN THE UPPER HOUSE, AND THE MANNER IN WHICH THE CORTES AND COUNCIL OF THE REALM LEADERSHIP WERE ESTABLISHED. HE SAID HIS FIRST REACTION WAS SO OPPOSED TO THE DRAFT BILL THAT HE MIGHT END UP VOTING ALONG WITH BUNKER

OPPOSITION FOR ITS RETURN TO THE GOVT. HE WAS NOT SURE WHAT THE PROSPECTS MIGHT BE FOR IMPROVEMENT OF THE BILL IN THE CORTES AND ITS EVENTUAL PASSAGE. HE PLANNED TO MEET WITH OTHER MEMBERSHIP OF THE LEADERSHIP OF THE CORTES "GRUPO INDEPENDIENTE" ON MAY 17 TO DISCUSS THE GROUP'S POSITION REGARDING THE CONSTITUTIONAL REFORM BILL.

7. PEREZ PUGA'S POSITION REGARDING THE ASSOCIATIONS BILL WAS DIFFERENT.

HE WOULD LIKE TO HAVE SOME CHANGES IN THAT BILL, INCLUDING DESIGNATION OF AN INDEPENDENT, NOT A GOVT, BODY TO MONITOR AND APPROVE ASSOCIATIONS,

BUT HE WOULD EXPECT TO SUPPORT THE BILL BECAUSE IT WAS REASONABLY GOOD AND EARLY ACTION WAS NEEDED IN ORDER TO GET POLITICAL PARTIES UNDER WAY. HIS VIEW IS THAT SPAIN NEEDS AND WILL HAVE A MULTI-PARTY SYSTEM, AND NEEDS A STRONG CENTER-LEFT GROUPING, PERHAPS HEADED BY FRAGA. A TWO-PARTY APPROACH WOULD LEAD TO DANGEROUS POLARIZATION, HE BELIEVES.

8. PEREZ PUGA WAS PESSIMISTIC ABOUT OVERALL REFORM PROSPECTS UNDER PRESENT LEADERSHIP AND EXPRESSED THE STRONG BELIEF THAT ARIAS SHOULD GO AND BE REPLACED BY SOMEONE WHO COULD PROVIDE STRONGER AND MORE POSITIVE LEADERSHIP AND WHO COULD PACT WITH THE OPPOSITION. HE HOPED THAT THIS MIGHT BE POSSIBLE AFTER THE KING RETURNED FROM THE US. AMONG

POSSIBLE REPLACEMENTS FOR ARIAS HE MENTIONED WERE FRAGA, GUTIERREZ
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MELLADO, AREILZA, SILVA AND LOPEZ DE LETONA.

9. PEREZ PUGA ALSO EXPRESSED HIS BELIEF THAT THE COMMUNIST PARTY SHOULD

BE LEGALIZED FOR TACTICAL REASONS, ALTHOUGH HE IS CLEARLY OPPOSED TO THE COMMUNISTS. WHEN IT WAS POINTED OUT TO HIM THAT IT WAS GENERALLY PRESUMED THAT THE MILITARY WOULD NOT ACCEPT LEGALIZATION OF THE COMMUNIST PARTY, HE SAID THAT THE THOUGHT THE MILITARY POSITION ON THIS SUBJECT MIGHT SOON CHANGE.

10. PEREZ PUGA ALSO EXPRESSED SERIOUS CONCERN OVER THE SOCIAL EFFECTS OF INFLATION. HE SAID THAT IF INFLATION GOES TO 18 OR 20 PERCENT THE POLITICAL ATMOSPHERE IN THE COUNTRY COULD WELL CHANGE VERY NEGATIVELY BY THE END OF THE YEAR.

11. COMMENT: THE FOREGOING DESCRIBES THE RATHER DIFFERING VIEWS OF TWO

LEADING MEMBERS OF THE CORTES. AT THIS POINT DE LA FUENTE'S VIEWS ARE PROBABLY MORE REPRESENTATIVE THAN PEREZ PUGA'S OF WHAT MOST OBSERVERS BELIEVE WILL HAPPEN IN THE CORTES. EVEN PEREZ PUGA IMPLIED AT TIMES THAT HE THOUGHT THE CORTES WOULD APPROVE THE GOVT'S REFORM PROGRAM LARGELY AS IT IS, DESPITE HIS DISAPPOINTMENT OVER PARTS OF IT AND THE OPPOSITION OF OTHERS. WHILE, AS WE HAVE REPORTED, THE CYCLE OF CRITICISM OF ARIAS NOW SEEMS ON THE RISE AGAIN. AT WRITING WE DO NOT SEE IT AS HAVING REACHED THE CRITICAL POINT THAT PEREZ PUGA PAINTS

NOR DO WE HAVE EVIDENCE THAT THE MILITARY WILL SOON RECONSIDER ITS POSITION ON THE COMMUNIST PARTY, THOUGH IT MAY LATER ON AS THINGS EVOLVE. WE POINTED OUT TO PEREZ PUGA THAT THE LINKING OF A SCENARIO FOR REPLACING ARIAS TO THE KING'S VISIT TO THE US DID NOT SEEM TO BE IN THE BEST INTERESTS OF SPAIN OR THE US. STABLER

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